

Message Text

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TAGS: BEXP, RP

SUBJECT: TRADE OPPORTUNITIES FOR U.S. FOOTWEAR: PHASE II

REF: A. STATE 078081, B. MANILA 5395

1. NO PRESENT TRADE OPPORTUNITIES EXIST HERE FOR SUPPLY OF LEATHER SHOES AND BOOTS TO FIRE DEPARTMENT, POSTAL SERVICE, PRIVATE GUARD SERVICES AND ARMED FORCES. IN ANSWER TO EMBASSY INQUIRIES, REPRESENTATIVES OF SECTORS LISTED ABOVE INDICATED THAT SHOES AND BOOTS WERE ALREADY SUPPLIED BY LOCAL MANUFACTURERS. ALSO BIDDING IS USED ONLY RARELY IN PHILIPPINE GOVERNMENT SUPPLY TRANSACTIONS.

2. WITH REGARD TO SUPPLY OF FOOTWEAR TO GOVERNMENT AGENCIES, REGULATIONS PROHIBIT FOREIGN SOURCING WHEN PRODUCT IS SUPPLIED LOCALLY. IN CASE OF UNIFORM SHOES AND BOOTS, WHICH ARE SUPPLIED LOCALLY, ALL SUPPLY MUST BE COURSED THROUGH COTTAGE INDUSTRY DEVELOPMENT AGENCY, A GOVERNMENT ENTITY CHARGED WITH FOSTERING SMALL SCALE FIRMS AND NEGOTIATING WITH SUCH SMALL LOCAL SUPPLIERS.

3. TALKS WITH POSTAL OFFICIALS INDICATED THAT DUE TO LACK OF FUNDS, LETTER CARRIERS ARE NOT PROVIDED UNIFORMS OR SHOES, AND WILL NOT BE FOR FORSEEABLE FUTURE. LETTER
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CARRIERS MUST BUY OWN SHOES ON LOCAL MARKET, AND ARE NOT EXEMPT FROM 100 PCT TAX ON IMPORTED SHOES (SEE REFTEL B). AVERAGE WAGE OF LETTER CARRIER IS 48 DOLLARS A MONTH.

4. THE ARMED FORCES, FIRE DEPARTMENT, AND POLICE ARE INTEGRATED IN PHILIPPINES, AND SO SUPPLY IS HANDLED AT ONE SOURCE. FOREIGN SOURCING IS ALSO PROHIBITED FOR THESE

GOVERNMENTAL AGENCIES WHEN LOCAL SUPPLY IS AVAILABLE. ANG TIBAY, LARGEST PHILIPPINE SHOE MANUFACTURER, HAS SUPPLIED UNIFORM SHOES AND BOOTS TO ARMED FORCES FOR PAST 50 YEARS, AND HAS RECENTLY SIGNED THREE YEAR CONTRACT DECEMBER, 1976 FOR SUPPLY OF COMBAT AND TROPICAL BOOTS.

5. THE MILITARY RARELY PROCURES THROUGH BIDDING, DEALING ALMOST EXCLUSIVELY THROUGH A COMPLEX OF AGENTS REPRESENTING INDIVIDUAL COMPANIES. IT IS EXTREMELY DIFFICULT TO DEAL DIRECTLY WITH MILITARY.

6. EMPLOYEES OF PRIVATE GUARD SERVICES MUST PURCHASE THEIR OWN SHOES; MANY WEAR ONLY RUBBER ZORI'S. HENRY SY, OWNER OF SHOREMART, ONE OF THREE STORES EXEMPTED FROM SHOE IMPORT BAN (SEE REFTEL B), EXPRESSED LITTLE INTEREST IN IMPORTING UNIFORM SHES AND BOOTS. THE RELATIVELY HIGH PRICE AND THE 100 PERCENT DUTY ON IMPORTED SHOES MAKES COMPETITION WITH LOCAL PRODUCERS ALMOST IMPOSSIBLE FOR ALL BUT LUXURY, "IMAGE" ITEMS. STULL

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